

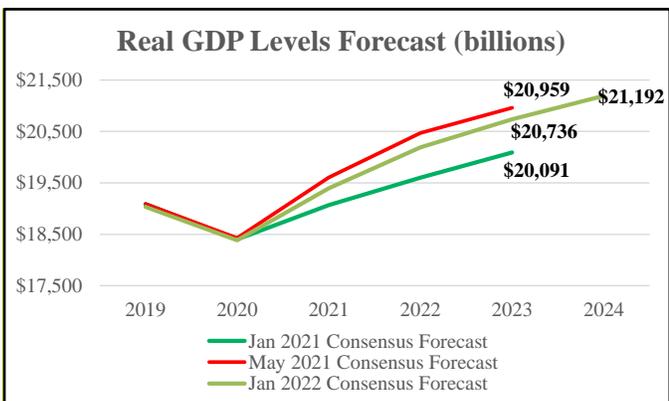


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury
<http://www.michigan.gov/treasury>
Summarizing Economic Data for December 2021
(Published 02/14/2022)

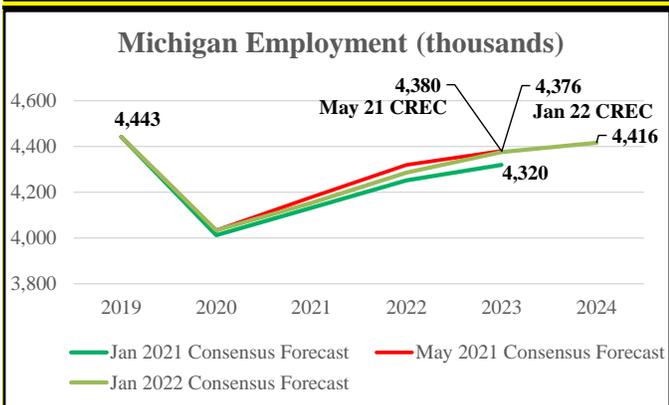
January 2022 Consensus Conference Economic Forecast

On January 14, 2022, the Administration, House Fiscal Agency and Senate Fiscal Agency met and agreed to a revised consensus economic forecast for calendar year (CY) 2022, 2023 and 2024. Below are highlights of that consensus agreement ⁽ⁿ⁾:



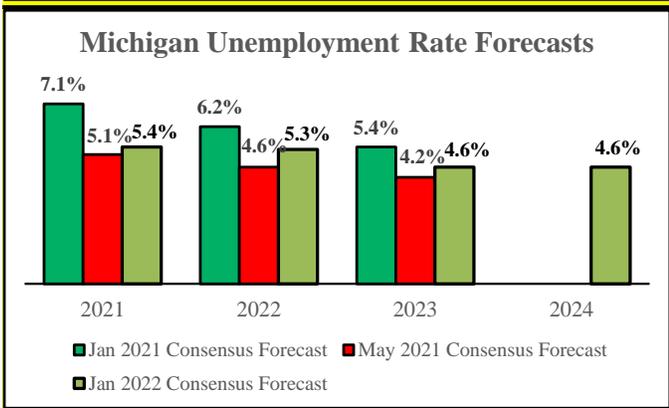
U.S. Economy

- After rising 5.5 percent in 2021, real GDP is forecast to grow 4.1 percent. Real GDP then increases a projected 2.7 percent in 2023 and 2.2 percent in 2024.
- After dropping to an estimated 5.3 percent in 2021, the U.S. unemployment rate is forecast to fall to 4.1 percent in 2022 and 3.8 percent in 2023 before rising to 4.0 percent in 2024.
- After rising to 14.9 million units in 2021, light vehicle sales are forecast to total 15.7 million in 2022, 16.9 million in 2023 and 17.1 million in 2024.



Michigan Employment

- After declining a record 9.2 percent in 2020, Michigan wage and salary employment rose an estimated 3.0 percent in 2021.
- Michigan employment is forecast to increase 3.2 percent in 2022, 2.1 percent in 2023 and 0.9 percent in 2024.
- Projected 2024 Michigan employment would be 0.6 percent lower than actual 2019 Michigan employment.



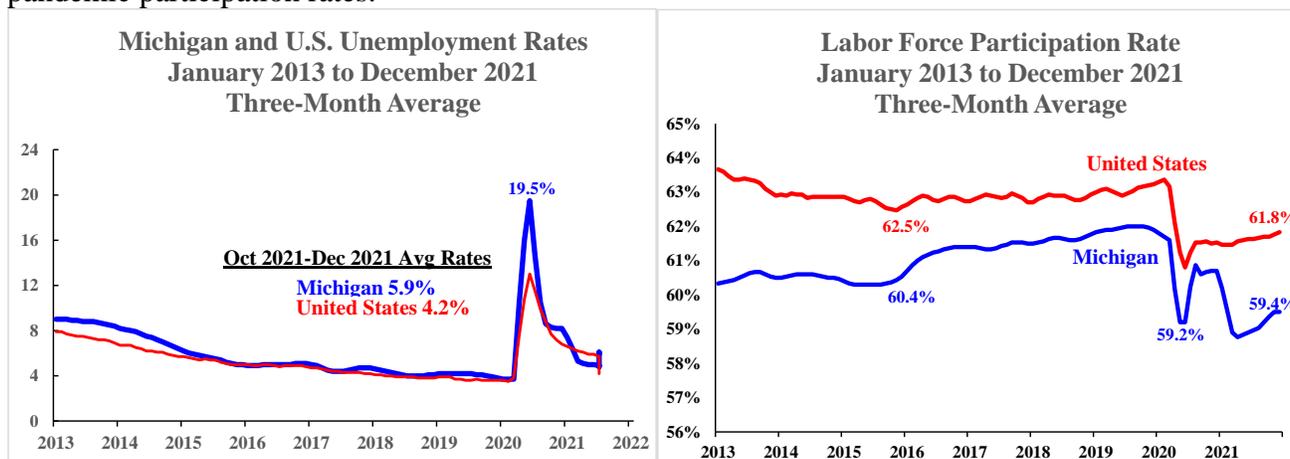
Michigan Unemployment Rate

- After soaring to 9.9 percent in 2020, Michigan's average annual unemployment rate fell to an estimated 5.4 percent
- Michigan's unemployment rate is projected to decline to 5.3 percent in 2022 and 4.6 percent in 2023 and remain at 4.6 percent in 2024.

December 2021 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate estimate fell to 5.6 percent in December. The three-month average of the Michigan unemployment rate is 5.9 percent for December. Compared to last December, the three-month average is down 2.3 percentage points. Compared to pre-pandemic February 2020 rate, the current average is up 2.2 percentage points.
- The average number of people employed in Michigan between October 2021-December 2021 was 263,700 lower than the number employed in February 2020. Compared to the three-month average of people employed between October 2020-December 2020, the current three-month average is up 21,100 people. The October 2021-December 2021 average of people unemployed is 94,300 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell 0.3 of a percentage point to 3.9 percent in December. December's national jobless rate is 2.8 percentage points lower than the December 2020 rate (6.7 percent), but 0.4 of a percentage point higher than its February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



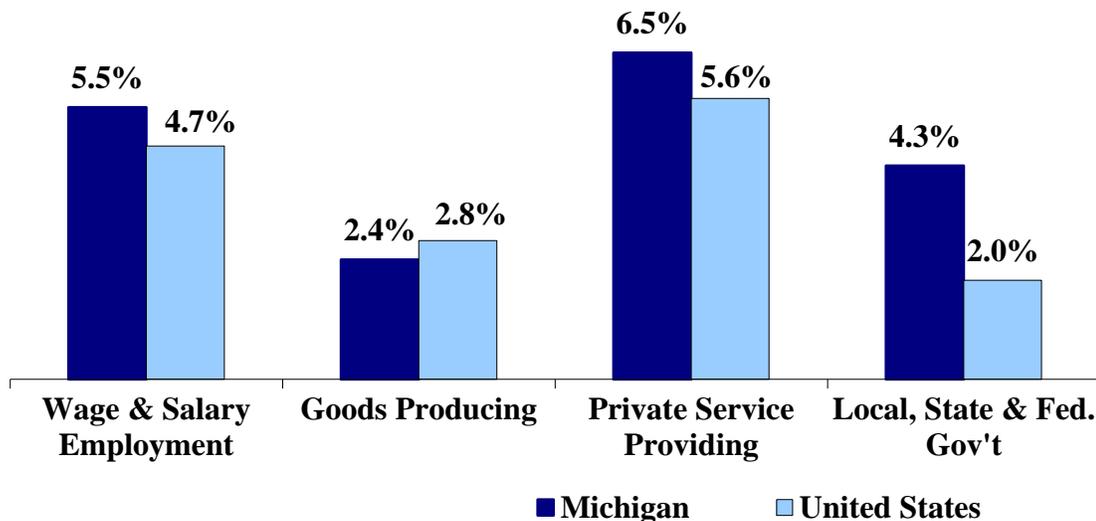
Employment by Place of Residence (in Thousands)^(a)

	<u>Annual</u> <u>2020</u>	<u>Oct</u> <u>2021</u>	<u>Nov</u> <u>2021</u>	<u>Dec</u> <u>2021</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Mo Ago</u> <u>%</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Chg Fr</u> <u>Yr Ago</u> <u>%</u>	<u>Three</u> <u>Month</u> <u>Average</u>
Michigan									
Labor Force	4,841	4,758	4,758	4,759	1	0.0%	-96	-2.0%	4,758
Employed	4,363	4,467	4,478	4,494	16	0.4%	39	0.9%	4,480
Unemployed	478	291	280	265	-15	-5.4%	-135	-33.8%	279
Unemployment Rate	9.9%	6.1%	5.9%	5.6%	n.a.	-0.3% pts	n.a.	-2.6% pts	5.9%
United States									
Labor Force	160,742	161,610	162,126	162,294	168	0.1%	1,623	1.0%	162,010
Employed	147,795	154,234	155,324	155,975	651	0.4%	6,092	4.1%	155,178
Unemployed	12,947	7,375	6,802	6,319	-483	-7.1%	-4,470	-41.4%	6,832
Unemployment Rate	8.1%	4.6%	4.2%	3.9%	n.a.	-0.3% pts	n.a.	-2.8% pts	4.2%

Employment by Place of Work (Payroll)

- Compared to December 2020, Michigan payroll employment was up by 219,800 jobs (5.5 percent). State payroll employment rose by 10,800 jobs in December 2021 from November 2021. Nationally, December 2021 payroll employment was up by 6.7 million jobs (4.7 percent) from a year ago. National employment rose 510,000 jobs in December.

Payroll Employment Growth December 2020 to December 2021



- In the goods-producing sector, Michigan payroll employment increased 2.4 percent in December from a year ago; employment in the private service-providing sector rose 6.5 percent. From a year ago, December national payroll employment rose 2.8 percent in the goods-producing sector and increased 5.6 percent in the private service-providing sector.
- At 41.3 hours, manufacturing weekly hours in Michigan were up 0.8 of an hour from last year.

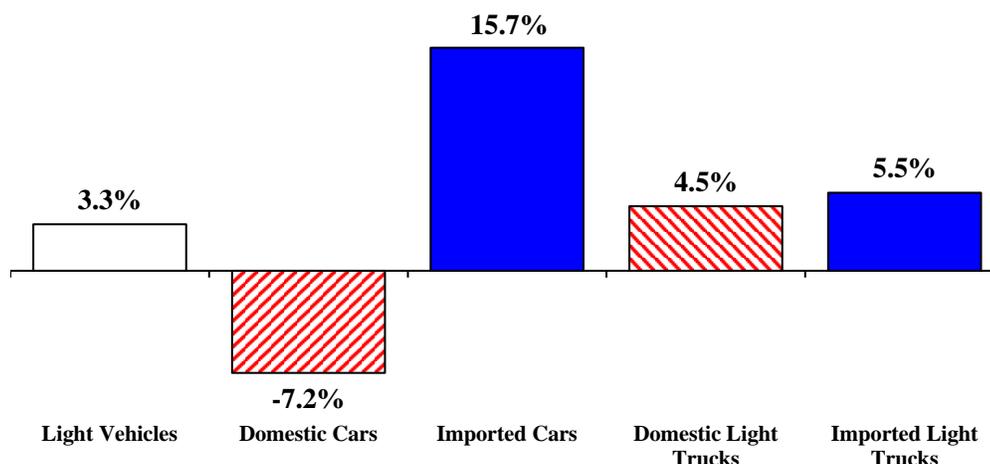
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2020 Annual	MI Dec 2020	MI Dec 2021	Percent Change	2020 Annual	US Dec 2020	US Dec 2021	Percent Change
Wage & Salary Employment	4,032.5	4,027.9	4,247.7	5.5%	142,185	142,497	149,162	4.7%
Goods Producing	728.5	754.1	772.2	2.4%	20,068	20,101	20,660	2.8%
Manufacturing	557.1	572.2	586.9	2.6%	12,179	12,190	12,546	2.9%
Private Service Providing	2,722.5	2,711.6	2,889.2	6.5%	100,209	100,705	106,381	5.6%
Trade, Trans. & Utilities	746.5	769.9	794.9	3.2%	26,590	27,158	28,169	3.7%
Services	1,702.4	1,668.5	1,817.7	8.9%	62,202	62,107	66,430	7.0%
Local, State & Fed. Gov't	581.5	562.2	586.3	4.3%	21,909	21,691	22,121	2.0%
Manufacturing Weekly Hours	40.7	40.5	41.3	0.8 hrs	40.7	41.4	41.3	-0.1 hrs

Motor Vehicle Sales Remain Historically Low

- The U.S. light vehicle sales rate, still constrained by supply chain shortages, fell to 12.5 million units in December – remaining historically low. Compared to last December, sales were down substantially (-23.1 percent).
- However, for calendar year 2021 as a whole, light vehicle sales were up slightly (3.3 percent). While auto sales were down 1.5 percent, light truck sales were up 4.8 percent. Heavy truck sales rose 12.7 percent. The import share of light vehicle sales rose from 22.8 percent to 23.8 percent.
- In November 2021 (the most recent month for which inventory data are available), retail vehicle inventories were down 21.3 percent from last November – the 20th straight year-over-year drop.

Calendar Year 2021 Vehicle Sales Up from 2020



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

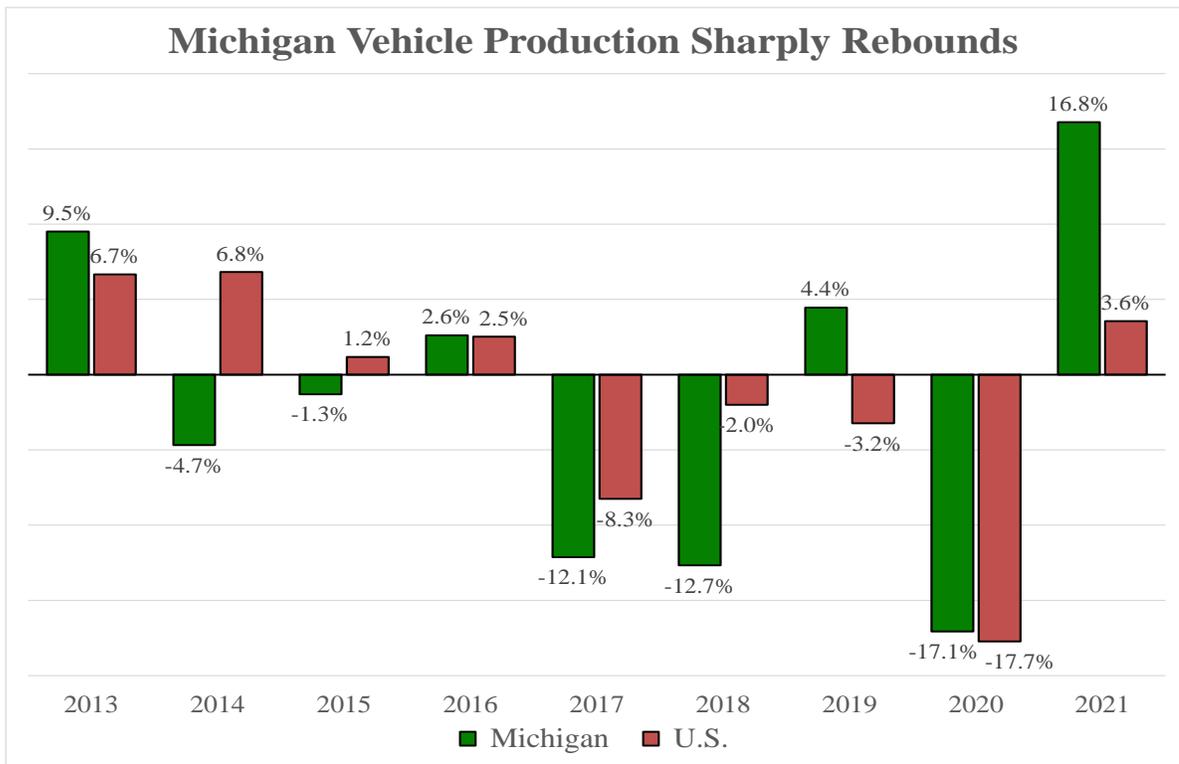
	2021	Oct	Nov	Dec	3 Month	Dec	Dec
	<u>Total</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>Average</u>	<u>Chg fr</u>	<u>Chg fr</u>
Motor Vehicle Sales ^(c)						<u>Yr Ago</u>	<u>Yr Ago</u>
						<u>Level</u>	<u>%</u>
Autos	3.4	2.6	2.7	2.7	2.7	(1.0)	-26.3%
Domestics	2.4	1.9	2.1	2.0	2.0	(0.7)	-26.2%
Imports	1.0	0.7	0.6	0.7	0.7	(0.2)	-26.5%
Import Share	29.1%	26.0%	23.4%	25.2%	24.8%	-0.1% pts	
Light Trucks	11.6	10.4	10.3	9.9	10.2	(2.8)	-22.2%
Domestics	9.0	8.3	8.5	8.0	8.3	(1.9)	-19.3%
Imports	2.6	2.1	1.9	1.9	2.0	(0.9)	-32.4%
Import Share	22.3%	20.4%	17.9%	19.1%	19.1%	-2.9% pts	
Total Light Vehicles	14.9	13.0	13.0	12.5	12.9	(3.8)	-23.1%
Heavy Trucks	0.5	0.4	0.4	0.5	0.4	0.0	2.5%
Total Vehicles	15.4	13.5	13.5	13.0	13.3	(3.8)	-22.4%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars)^(d)

	2020	Sep-21	Oct-21	Nov-21	3 Month	Chg fr	Chg fr
	<u>Average</u>				<u>Average</u>	<u>Year Ago</u>	<u>Year Ago</u>
						<u>Level</u>	<u>%</u>
Inventories	\$200.9	\$146.9	\$145.5	\$151.7	\$148.0	-\$41.1	-21.3%
Inventory/Sales Ratio	2.01	1.18	1.15	1.20	1.18	-0.52	

Michigan Vehicle Production Up from Year Ago

- Michigan vehicle production rose 18.8 percent from December 2020 while national vehicle production fell 5.7 percent from last December. In December 2021, Michigan vehicle production totaled 157,197 units.
- In calendar year 2021, vehicle production totaled 1.85 million units in Michigan – up 16.8 percent from 2020 and accounting for 20.3 percent of total 2021 national vehicle production of 9.12 million units.
- Comparing the three-month average of vehicle production in October-December 2021 to production in October-December 2020, Michigan’s average production was up 26.7 percent while average production was down 7.4 percent nationally.



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021 Monthly Average	Oct 2021	Nov 2021	Dec 2021	3 Month Average	Dec Level Chg fr Yr Ago	Dec % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	138.4	133.6	143.5	134.2	137.1	(24.9)	-15.6%
Trucks	621.5	661.1	664.6	586.1	637.3	(18.7)	-3.1%
Total	759.9	794.7	808.1	720.3	774.4	(43.6)	-5.7%
Michigan Production ^(f)							
Autos	11.1	10.1	16.4	12.9	13.2	3.3	33.8%
Trucks	143.4	168.5	166.1	144.3	159.6	21.7	17.7%
Total	154.4	178.6	182.5	157.2	172.8	24.9	18.8%
Michigan as % of U.S.	20.3%	22.5%	22.6%	21.8%	22.3%	4.5 pts	

U.S. Economic Conditions

Page 6

	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	72.8	71.7	67.4	70.6	-10.1 points
ISM Manufacturing Index ⁽ⁱ⁾	60.5	60.8	60.6	58.8	-1.7 points
ISM Non Manufacturing Index ⁽ⁱ⁾	62.6	66.7	68.4	62.3	4.6 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	274.3	276.6	277.9	278.8	7.0%
Detroit CPI	NA	253.1	NA	255.7	6.9%
U.S. Producer Price Index	129.2	130.1	131.0	131.0	9.7%
INTEREST RATES					
90 Day T-Bill ^(l)	0.04%	0.05%	0.05%	0.06%	-0.03% points
10 Year Treasury Securities ^(l)	1.37%	1.58%	1.56%	1.47%	0.54% points
INDUSTRIAL PRODUCTION ^(l)	100.0	101.3	102.0	101.9	3.7%
CAPACITY UTILIZATION ^(l)	75.2%	76.1%	76.6%	76.5%	2.4% points
RETAIL SALES ^(d)	\$627.0	\$638.1	\$639.1	\$626.8	16.9%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Sep-21</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.550	1.552	1.678	1.702	2.5%
Existing Home Sales ^(m)	6.290	6.340	6.480	6.180	-7.1%
DURABLE GOODS ORDERS ^(d)	\$261.4	\$261.7	\$270.1	\$267.6	12.7%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>% Change From Year Ago</u>
Michigan	\$518.5	\$590.8	\$552.0	\$549.5	2.9%
U.S.	\$19,522.9	\$21,849.0	\$20,647.7	\$20,782.8	5.2%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,055.7	\$19,368.3	\$19,478.9	\$19,806.0	6.9%

SOURCES AND NOTES

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Department of Technology, Management and Budget.
- (b) Bureau of Labor Statistics, U.S. Department of Labor (BLS 790). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (c) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Technology, Management and Budget.
- (h) University of Michigan Survey of Consumers.
- (i) Institute for Supply Management (ISM), formerly NAPM.
- (j) The Conference Board.
- (k) Bureau of Labor Statistics, U.S. Department of Labor.
- (l) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.
- (n) January 14, 2022 Consensus Revenue Agreement Executive Summary.